

BASIC FINANCIAL STATEMENTS

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FOND DU LAC COUNTY, WISCONSIN

Statement of Net Assets

December 31, 2011

	Primary Government			Component Unit June 30, 2011
	Governmental Activities	Business-type Activities	Total	Housing Authority
ASSETS				
Cash and investments	\$ 46,278,161	\$ 399,653	\$ 46,677,814	\$ 310,978
Restricted cash and investments	-	261,415	261,415	-
Receivables				
Delinquent property taxes	2,824,924	-	2,824,924	-
Property taxes levied for ensuing year's budget	37,571,327	1,310,670	38,881,997	-
Accounts, net	2,029,984	1,211,380	3,241,364	1,515
Loans	52,737,385	-	52,737,385	-
Accrued interest	50,258	-	50,258	172
Internal balances	1,445,476	(1,445,476)	-	-
Due from other governments	3,124,358	703,503	3,827,861	-
Inventories and prepaid items	727,925	1,474,089	2,202,014	18,620
Capital assets, net of accumulated depreciation				
Work in progress	1,483,040	5,860	1,488,900	4,813
Land	3,278,955	1,464,300	4,743,255	17,387
Land improvements	7,272,507	14,375,629	21,648,136	-
Buildings/building improvements	55,642,780	11,800,637	67,443,417	2,609,154
Machinery and equipment	18,216,119	15,051,452	33,267,571	89,626
Infrastructure	63,541,658	-	63,541,658	-
Less: Accumulated depreciation	(71,845,250)	(25,305,928)	(97,151,178)	(1,617,642)
TOTAL ASSETS	224,379,607	21,307,184	245,686,791	1,434,623

(Continued)

FOND DU LAC COUNTY, WISCONSIN
Statement of Net Assets (continued)
December 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	June 30, 2011
LIABILITIES				
Accounts payable	1,444,014	238,719	1,682,733	1,894
Accrued payroll liabilities	3,299,118	847,847	4,146,965	7,990
Accrued interest payable	1,342,544	-	1,342,544	-
Due to other governments	776,140	4,241	780,381	36,145
Deferred property tax revenues	38,146,907	1,310,670	39,457,577	-
Unearned revenues	646,921	90,669	737,590	23
Deferred charges - issuance costs	177,355	-	177,355	-
Other liabilities	109,065	-	109,065	13,348
Long-term obligations				
Due within one year	36,583,962	244,581	36,828,543	-
Due in more than one year	76,012,993	786,002	76,798,995	-
TOTAL LIABILITIES	158,539,019	3,522,729	162,061,748	59,400
NET ASSETS				
Invested in capital assets, net of related debt	51,813,490	17,277,565	69,091,055	1,103,338
Restricted	363,800	261,415	625,215	118,964
Unrestricted	13,663,298	245,475	13,908,773	152,921
TOTAL NET ASSETS	\$ 65,840,588	\$ 17,784,455	\$ 83,625,043	\$ 1,375,223

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Activities
Year Ended December 31, 2011

Functions/Programs	Primary Government						Component Unit June 30, 2011
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT							
Governmental Activities							
General government	\$ 10,204,621	\$ 4,315,172	\$ 726,868	\$ -	\$ (5,162,581)	\$ (5,162,581)	\$ -
Public safety	17,648,207	2,284,055	235,370	-	(15,128,782)	(15,128,782)	-
Public works	4,240,806	-	2,020,652	-	(2,220,154)	(2,220,154)	-
Health and human services	33,596,243	7,390,691	14,789,059	-	(11,416,493)	(11,416,493)	-
Culture, recreation and education	3,820,115	298,826	151,401	-	(3,369,888)	(3,369,888)	-
Conservation and development	2,189,853	1,403,167	347,834	-	(438,852)	(438,852)	-
Interest on debt	3,470,748	-	-	-	(3,470,748)	(3,470,748)	-
Total Governmental Activities	75,170,593	15,691,911	18,271,184	-	(41,207,498)	(41,207,498)	-
Business-type Activities							
Highway	12,410,975	12,026,837	16,954	499,196	-	132,012	-
Health Care Center	10,521,494	7,596,727	971,209	-	-	(1,953,558)	-
Airport	686,433	109,577	-	169,498	-	(407,358)	-
Golf Course	1,077,274	868,855	-	-	-	(208,419)	-
Landfill	107,274	14,492	-	-	-	(92,782)	-
Total Business-type Activities	24,803,450	20,616,488	988,163	668,694	-	(2,530,105)	-
Total Primary Government	\$ 99,974,043	\$ 36,308,399	\$ 19,259,347	\$ 668,694	(41,207,498)	(2,530,105)	(43,737,603)
COMPONENT UNIT							
Housing Authority	\$ 2,230,674	\$ 105,345	\$ 1,974,232	\$ 43,601	-	-	(107,496)

(Continued)

FOND DU LAC COUNTY, WISCONSIN

Statement of Activities (continued)

Year Ended December 31, 2011

Functions/Programs	Primary Government					Component Unit June 30, 2011
	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Expenses						
General revenues						
Property taxes, levied for general purposes				31,529,333	1,648,806	33,178,139
Property taxes, levied for debt service				5,158,960	-	5,158,960
County sales tax				6,634,231	-	6,634,231
Other taxes				1,079,561	-	1,079,561
State and federal aids not restricted to specific functions				3,466,016	-	3,466,016
Interest and investment earnings				198,783	38	198,821
Gain on sale of capital assets				156,176	124,030	280,206
Miscellaneous				197,438	63,920	261,358
Transfers				(585,427)	585,427	-
Total general revenues and transfers				47,835,071	2,422,221	50,257,292
Change in net assets				6,627,573	(107,884)	6,519,689
Net assets - beginning of year				59,213,015	17,892,339	77,105,354
Net assets - end of year				\$ 65,840,588	\$ 17,784,455	\$ 83,625,043
						\$ 1,375,223

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2011

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$ 11,218,255	\$ 1,885,657	\$ 154,549	\$ 933,345	\$ 15,187	\$ 31,900,714	\$ 72,419	\$ 46,180,126
Receivables								
Taxes	21,034,071	2,994,760	4,051,119	7,572,171	-	5,249,146	-	40,901,267
Accounts	793,427	-	191,831	297,997	-	-	26,600	1,309,855
Loans	52,737,385	-	-	-	-	-	-	52,737,385
Accrued interest	50,258	-	-	-	-	-	-	50,258
Due from other funds	1,462,040	-	-	-	-	-	-	1,462,040
Due from other governments	1,999,122	-	540,813	584,423	-	-	-	3,124,358
Inventories and prepaid items	399,859	-	160,643	149,932	-	-	2,123	712,557
TOTAL ASSETS	\$ 89,694,417	\$ 4,880,417	\$ 5,098,955	\$ 9,537,868	\$ 15,187	\$ 37,149,860	\$ 101,142	\$ 146,477,846
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 786,323	\$ -	\$ 328,242	\$ 325,118	\$ -	\$ -	\$ 520	\$ 1,440,203
Accrued payroll liabilities	2,002,335	-	501,881	737,051	-	-	13,271	3,254,538
Due to other funds	-	-	-	-	-	-	16,564	16,564
Due to other governments	459,431	-	50,693	266,016	-	-	-	776,140
Deferred revenues	71,700,580	2,994,760	4,051,119	8,060,991	-	5,249,146	-	92,056,596
Other liabilities	104,440	-	-	4,642	-	-	-	109,082
Total Liabilities	75,053,109	2,994,760	4,931,935	9,393,818	-	5,249,146	30,355	97,653,123

FOND DU LAC COUNTY, WISCONSIN
Balance Sheet (continued)
Governmental Funds
December 31, 2011

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances								
Non-spendable	2,144,359	-	160,643	149,932	-	-	2,123	2,457,057
Restricted	138,086	-	-	-	-	-	50,000	32,088,800
Assigned	5,823,816	1,885,657	6,377	-	15,187	-	18,664	7,749,701
Unassigned	6,535,047	-	-	(5,882)	-	-	-	6,529,165
Total Fund Balances	14,641,308	1,885,657	167,020	144,050	15,187	31,900,714	70,787	48,824,723
TOTAL LIABILITIES AND FUND BALANCES	\$ 89,694,417	\$ 4,880,417	\$ 5,098,955	\$ 9,537,868	\$ 15,187	\$ 37,149,860	\$ 101,142	\$ 146,477,846

(Continued)

FOND DU LAC COUNTY, WISCONSIN
Balance Sheet (continued)
Governmental Funds
December 31, 2011

Reconciliation to the Statement of Net Assets:

Total Fund Balances as shown on previous page

\$ 48,824,723

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

General capital assets, net of accumulated depreciation

\$ 77,568,731

Internal Service Fund capital assets, net of accumulated depreciation

21,078

77,589,809

Deferred debt issuance premiums are not available to pay for current period expenditures and therefore are not reported in the funds.

(177,355)

Internal service funds are used by management to charge the costs of central maintenance and self insured health to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Total internal service fund net assets

47,566

Capital assets, net of depreciation, included above

(21,078)

Long term liabilities included below

38,524

65,012

Some liabilities are not due and payable in the current period and therefore are not reported in the funds:

Bonds and notes payable

(109,590,000)

State trust fund loan

(176,319)

Compensated absences

(1,333,001)

Other post employment benefits

(1,497,635)

Accrued interest on long-term obligations

(1,342,544)

(113,939,499)

Revenues not meeting the availability criteria:

Deferred Revenue - Community Development Block Grant - Fond du Lac County Economic Development Corp.

566,943

Deferred Revenue - County Revolving Loan - Fond du Lac County Economic Development Corp.

465,442

Deferred Revenue - Mercury Marine Loan - Fond du Lac County Economic Development Corp.

51,705,000

Deferred Revenue - Clerk of Courts

200,441

Deferred Revenue - Interest and Penalty on Property Taxes

540,072

53,477,898

Net Assets of Governmental Activities as reported on the Statement of Net Assets (See pages 14 - 15)

\$ 65,840,588

The notes to the basic financial statements are an integral part of this statement.

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FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2011

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Taxes	\$ 20,134,851	\$ 5,588,872	\$ 4,098,323	\$ 7,413,888	\$ -	\$ 6,864,567	\$ -	\$ 44,100,501
Intergovernmental	7,398,068	2,020,652	3,359,264	8,035,699	-	-	389,120	21,202,803
Licenses and permits	373,807	-	-	-	-	-	-	373,807
Fines and forfeits	560,376	-	-	-	-	-	-	560,376
Public charges for services	3,685,794	-	2,197,960	941,154	-	-	133,623	6,958,531
Intergovernmental charges for services	3,138,745	-	2,121,733	-	-	-	11,387	5,271,865
Interdepartmental charges for services	2,576,440	-	322,252	243,773	-	-	-	3,142,465
Miscellaneous	670,622	705	648	43,300	-	-	6,812	722,087
Investment earnings	197,402	-	-	-	-	-	-	197,402
Prior year revenue	1,472	-	302,124	193,308	-	-	-	496,904
Total Revenues	38,737,577	7,610,229	12,402,304	16,871,122	-	6,864,567	540,942	83,026,741
Expenditures								
Current								
General government	11,308,750	-	-	-	-	-	-	11,308,750
Public safety	16,860,444	-	-	-	-	-	1,464	16,861,908
Public works	-	7,123,150	-	-	-	-	-	7,123,150
Health and human services	6,614,330	-	11,440,723	15,912,795	-	-	533,513	34,501,361
Culture, recreation and education	3,464,592	-	-	-	-	-	-	3,464,592
Conservation and development	2,029,471	-	-	-	-	-	-	2,029,471
Capital outlay	589,066	-	-	-	-	-	-	589,066
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	5,535,202	-	5,535,202
Interest and fiscal charges	-	-	-	-	-	3,229,130	-	3,229,130
Total Expenditures	40,866,653	7,123,150	11,440,723	15,912,795	-	8,764,332	534,977	84,642,630

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Governmental Funds
Year Ended December 31, 2011

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
Excess (Deficit) of Revenues Over Expenditures	(2,129,076)	487,079	961,581	958,327	-	(1,899,765)	5,965	(1,615,889)
Other Financing Sources (Uses)								
Refunding bonds issued	-	-	-	-	-	33,270,000	-	33,270,000
Issuance premium on long term debt	-	-	-	-	-	564,713	-	564,713
Transfers in	2,286,311	-	-	-	-	-	-	2,286,311
Transfers out	(617,319)	(34,251)	(1,059,261)	(953,577)	-	(36,592)	-	(2,701,000)
Total Other Financing Sources (Uses)	1,668,992	(34,251)	(1,059,261)	(953,577)	-	33,798,121	-	33,420,024
Net Change in Fund Balances	(460,084)	452,828	(97,680)	4,750	-	31,898,356	5,965	31,804,135
Fund Balances - Beginning of Year	15,101,392	1,432,829	264,700	139,300	15,187	2,358	64,822	17,020,588
Fund Balances - End of Year	\$ 14,641,308	\$ 1,885,657	\$ 167,020	\$ 144,050	\$ 15,187	\$ 31,900,714	\$ 70,787	\$ 48,824,723

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance (continued)
Governmental Funds
Year Ended December 31, 2011

Reconciliation to the Statement of Activities:

Net Change in Fund Balances from previous page

\$ 31,804,135

Amounts reported for governmental activities in the statement of activities are different because:
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense.

Capital outlay

\$ 7,558,571

Depreciation expense

(5,365,817)

2,192,754

The net effect of the loss on disposal of capital assets is to decrease net assets.

(140,730)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

1,022,810

The net expenditure of the central maintenance internal service fund is reported with governmental activities.

(4,642)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued or incurred:

Issuance of general obligation promissory notes

(33,270,000)

Principal repayments:

General obligation debt

5,526,681

Alliant Energy advance

8,521

(27,734,798)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Expense transactions:

Compensated absences

(32,004)

Other post employment benefits

(264,162)

Accrued interest

(241,618)

Amortization of issuance costs

25,828

(511,956)

Change in Net Assets of Governmental Activities as reported on the Statement of Activities (see pages 16 - 17)

\$ 6,627,573

The notes to the basic financial statements are an integral part of this statement.

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FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 19,607,236	\$ 20,266,473	\$ 20,134,851	\$ (131,622)
Intergovernmental	8,172,096	8,272,318	7,398,068	(874,250)
Licenses and permits	362,625	368,825	373,807	4,982
Fines and forfeits	665,000	665,000	560,376	(104,624)
Public charges for services	3,633,568	3,657,568	3,685,794	28,226
Intergovernmental charges for services	3,292,305	3,299,255	3,138,745	(160,510)
Interdepartmental charges for services	2,685,863	2,695,863	2,576,440	(119,423)
Miscellaneous	847,620	842,174	869,496	27,322
Total Revenues	39,266,313	40,067,476	38,737,577	(1,329,899)
Expenditures				
Current				
General government	11,112,047	12,587,459	11,308,750	1,278,709
Public safety	17,012,233	17,454,778	16,860,444	594,334
Health and human services	6,726,647	7,557,385	6,614,330	943,055
Culture, recreation and education	3,212,104	3,931,305	3,464,592	466,713
Conservation and development	3,105,436	3,487,980	2,029,471	1,458,509
Capital outlay	160,000	832,822	589,066	243,756
Total Expenditures	41,328,467	45,851,729	40,866,653	4,985,076
Excess (Deficit) of Revenues Over Expenditures	(2,062,154)	(5,784,253)	(2,129,076)	3,655,177
Other Financing Sources (Uses)				
Transfers in	355,234	3,876,569	2,286,311	(1,590,258)
Transfers out	(93,080)	(143,480)	(617,319)	(473,839)
Total Other Financing Sources (Uses)	262,154	3,733,089	1,668,992	(2,064,097)
Net Change in Fund Balance	(1,800,000)	(2,051,164)	(460,084)	1,591,080
Fund Balance - Beginning of Year	15,101,392	15,101,392	15,101,392	-
Fund Balance - End of Year	\$ 13,301,392	\$ 13,050,228	\$ 14,641,308	\$ 1,591,080

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
County Road & Bridge Fund
Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property	\$ 2,987,972	\$ 2,908,872	\$ 2,908,872	\$ -
County sales	2,200,000	2,200,000	2,680,000	480,000
Intergovernmental				
CHIPS funding	130,560	130,560	131,105	545
Local transportation aids	1,890,000	1,890,000	1,889,547	(453)
Miscellaneous	-	-	705	705
Total Revenues	7,208,532	7,129,432	7,610,229	480,797
Expenditures				
Current				
Public works				
County highway maintenance	6,190,660	6,376,669	5,183,727	1,192,942
County highway winter maintenance	1,624,580	1,934,760	1,230,505	704,255
County construction/road & bridge	1,823,830	1,823,830	708,918	1,114,912
Total Expenditures	9,639,070	10,135,259	7,123,150	3,012,109
Excess (Deficit) of Revenues Over Expenditures	(2,430,538)	(3,005,827)	487,079	3,492,906
Other Financing Sources (Uses)				
Long-term debt issued	1,800,000	1,800,000	-	(1,800,000)
Transfers out	-	-	(34,251)	(34,251)
Total Other Financing Sources (Uses)	1,800,000	1,800,000	(34,251)	(1,834,251)
Net Change in Fund Balance	(630,538)	(1,205,827)	452,828	1,658,655
Fund Balance - Beginning of Year	1,432,829	1,432,829	1,432,829	-
Fund Balance - End of Year	\$ 802,291	\$ 227,002	\$ 1,885,657	\$ 1,658,655

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Department of Community Programs
Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 4,192,063	\$ 4,098,323	\$ 4,098,323	\$ -
Intergovernmental				
Basic allocation	1,563,226	1,563,226	1,610,320	47,094
CLTS	1,483,452	1,483,452	983,995	(499,457)
Birth to Three	230,935	230,935	233,705	2,770
Family support	97,500	97,500	75,990	(21,510)
Alcohol and other drug abuse	357,913	357,913	289,465	(68,448)
Integrated service	80,000	80,000	79,100	(900)
Mental health	90,883	90,883	86,689	(4,194)
Public charges for services				
Mental health	1,730,340	1,730,340	1,753,751	23,411
Developmental disabilities	21,420	21,420	37,417	15,997
Alcohol and other drug abuse	339,910	339,910	309,273	(30,637)
Administration	62,340	62,340	97,519	35,179
Intergovernmental charges for services				
Acute unit - net	1,952,230	1,952,230	2,121,733	169,503
Interdepartmental charges for services	506,050	506,050	322,252	(183,798)
Miscellaneous	(5,927)	(5,927)	648	6,575
Prior year revenue	250,000	250,000	302,124	52,124
Total Revenues	12,952,335	12,858,595	12,402,304	(456,291)
Expenditures				
Current				
Health and human services				
Mental health	8,880,976	9,077,676	8,236,957	840,719
Developmental disabilities	2,028,907	2,012,357	1,505,781	506,576
Physical disabilities	24,000	24,000	12,508	11,492
Alcohol and other drug abuse	1,291,365	1,283,385	1,031,883	251,502
Administration	727,087	725,877	653,594	72,283
Total Expenditures	12,952,335	13,123,295	11,440,723	1,682,572
Excess (Deficit) of Revenues Over Expenditures	-	(264,700)	961,581	1,226,281
Other Financing Sources (Uses)				
Transfers out	-	-	(1,059,261)	(1,059,261)
Net Change in Fund Balance	-	(264,700)	(97,680)	167,020
Fund Balance - Beginning of Year	264,700	264,700	264,700	-
Fund Balance - End of Year	\$ 264,700	\$ -	\$ 167,020	\$ 167,020

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Department of Social Services
Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 7,572,288	\$ 7,413,888	\$ 7,413,888	\$ -
Intergovernmental				
Child care	193,400	193,400	193,181	(219)
Community options/waivers	558,868	558,868	518,068	(40,800)
Income maintenance	2,700,607	2,700,607	2,761,865	61,258
Kinship	177,393	177,393	150,845	(26,548)
Low income home energy assistance	208,036	208,036	174,155	(33,881)
Social welfare - basic county allocation	3,168,796	3,168,796	3,465,563	296,767
Youth aids	670,601	670,601	772,022	101,421
Public charges for services				
Child care	-	-	24,846	24,846
Community options/waivers	10,000	10,000	8,848	(1,152)
Income maintenance	500	500	647	147
Social welfare - basic county allocation	653,000	653,000	715,507	62,507
Youth aids	203,000	203,000	191,306	(11,694)
Interdepartmental charges for services				
Social welfare - basic county allocation	185,000	185,000	214,424	29,424
Youth aids	29,349	29,349	29,349	-
Miscellaneous	38,391	38,391	236,608	198,217
Total Revenues	16,369,229	16,210,829	16,871,122	660,293
Expenditures				
Current				
Health and human services				
Adult abuse	36,191	36,191	36,572	(381)
Child care	194,400	194,400	327,057	(132,657)
Community options/waivers	568,868	568,868	527,766	41,102
Income maintenance	4,026,728	4,004,398	3,640,659	363,739
Kinship	177,393	177,393	151,187	26,206
Low income home energy assistance	208,036	208,036	174,154	33,882
Social welfare - basic county allocation	9,004,526	9,007,756	9,191,675	(183,919)
Youth aids	2,153,087	2,153,087	1,863,725	289,362
Total Expenditures	16,369,229	16,350,129	15,912,795	437,334
Excess (Deficit) of Revenues Over Expenditures	-	(139,300)	958,327	1,097,627
Other Financing Sources (Uses)				
Transfers out	-	-	(953,577)	(953,577)
Net Change in Fund Balance	-	(139,300)	4,750	144,050
Fund Balance - Beginning of Year	139,300	139,300	139,300	-
Fund Balance - End of Year	\$ 139,300	\$ -	\$ 144,050	\$ 144,050

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN

Statement of Net Assets

Proprietary Funds

December 31, 2011

	Business-type Activities-Enterprise Funds					Governmental	
	Highway	Harbor Haven Health & Rehabilitation	Rolling Meadows Nursing/Rehab Center	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Activities-Internal Service Funds
ASSETS							
Current Assets							
Cash and investments	\$ 388,395	\$ 300	\$ -	\$ -	\$ 10,958	\$ 399,653	\$ 98,035
Taxes receivable	-	1,204,945	-	28,745	76,980	1,310,670	215,130
Accounts receivable	88,421	1,121,469	-	1,490	-	1,211,380	-
Due from other governments	703,503	-	-	-	-	703,503	-
Inventories and prepaid items	1,291,367	138,403	-	-	44,319	1,474,089	15,368
Total Current Assets	2,471,686	2,465,117	-	30,235	132,257	5,099,295	328,533
Noncurrent Assets							
Restricted cash and investments	261,415	-	-	-	-	261,415	-
Capital Assets							
Work in progress	5,860	-	-	-	-	5,860	-
Land/land improvements	745,091	684,278	-	11,208,392	3,222,168	15,839,929	-
Buildings/building improvements	2,755,970	6,927,379	-	1,839,925	277,363	11,800,637	-
Machinery and equipment	12,113,628	1,567,530	-	362,259	1,008,035	15,051,452	253,867
Less accumulated depreciation	(9,164,288)	(6,798,779)	-	(7,041,708)	(2,301,153)	(25,305,928)	(232,789)
Total Capital Assets - Net	6,456,261	2,360,408	-	6,368,868	2,206,413	17,391,950	21,078
TOTAL ASSETS	9,189,362	4,825,525	-	6,399,103	2,338,670	22,752,660	349,611
LIABILITIES							
Current Liabilities							
Accounts payable	63,399	162,688	-	656	11,976	238,719	3,811
Accrued payroll liabilities	323,393	502,079	-	1,304	21,071	847,847	44,580
Due to other funds	-	72,537	-	39,128	1,333,811	1,445,476	-
Due to other governments	614	-	-	-	3,627	4,241	-
Unearned revenues	-	1,281,371	-	40,065	79,903	1,401,339	215,130
Current maturities of long-term obligations	130,614	101,553	-	-	12,414	244,581	4,809
Total Current Liabilities	518,020	2,120,228	-	81,153	1,462,802	4,182,203	268,330
Long-term Obligations							
Noncurrent portion of long-term obligations	327,385	411,568	-	893	46,156	786,002	33,715
TOTAL LIABILITIES	845,405	2,531,796	-	82,046	1,508,958	4,968,205	302,045
NET ASSETS							
Invested in capital assets, net of related debt	6,421,187	2,325,905	-	6,368,868	2,161,605	17,277,565	21,078
Restricted	261,415	-	-	-	-	261,415	-
Unrestricted (deficit)	1,661,355	(32,176)	-	(51,811)	(1,331,893)	245,475	26,488
TOTAL NET ASSETS	\$ 8,343,957	\$ 2,293,729	\$ -	\$ 6,317,057	\$ 829,712	\$ 17,784,455	\$ 47,566

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended December 31, 2011

	Business-type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds
	Highway	Harbor Haven Health & Rehabilitation	Rolling Meadows Nursing/Rehab Center	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds	
Operating Revenues							
Public charges for services	\$ -	\$ 6,641,066	\$ -	\$ 105,167	\$ 875,133	\$ 7,621,366	\$ -
Intergovernmental charges for services	3,845,004	-	-	500	-	3,845,504	-
Interdepartmental charges for services	8,166,711	950,337	-	2,420	7,813	9,127,281	1,151,520
Miscellaneous	15,122	5,324	-	1,490	401	22,337	282
Total Operating Revenues	12,026,837	7,596,727	-	109,577	883,347	20,616,488	1,151,802
Operating Expenses							
General government	-	-	-	-	-	-	1,197,239
Public works	11,465,935	-	-	100,024	89,213	11,655,172	-
Health and human services	-	10,201,627	-	-	-	10,201,627	-
Culture, recreation and education	-	-	-	-	902,038	902,038	-
Depreciation	933,577	294,738	-	586,409	140,013	1,954,737	17,492
Total Operating Expenses	12,399,512	10,496,365	-	686,433	1,131,264	24,713,574	1,214,731
Operating Loss	(372,675)	(2,899,638)	-	(576,856)	(247,917)	(4,097,086)	(62,929)
Nonoperating Revenues (Expenses)							
Property taxes	15,300	1,528,816	-	31,730	72,960	1,648,806	225,017
Intergovernmental	16,954	971,209	-	-	-	988,163	4,008
Investment income	-	-	-	-	38	38	-
Miscellaneous revenue	63,470	450	-	-	-	63,920	-
Payment in lieu of taxes	-	-	-	-	(51,500)	(51,500)	-
Interest expense	(11,463)	(25,129)	-	-	(1,784)	(38,376)	-
Gain on sale of capital assets	-	-	-	-	124,030	124,030	-
Total nonoperating revenue (expense)	84,261	2,475,346	-	31,730	143,744	2,735,081	229,025
Income (loss) before contributions and transfers	(288,414)	(424,292)	-	(545,126)	(104,173)	(1,362,005)	166,096
Capital contributions - state/federal	499,196	-	-	169,498	-	668,694	-
Transfers in	45,713	537,656	34,391	-	-	617,760	-
Transfers out	-	-	-	(32,333)	-	(32,333)	(170,738)
Change in Net Assets	256,495	113,364	34,391	(407,961)	(104,173)	(107,884)	(4,642)
Net Assets (deficit) - Beginning of Year	8,087,462	2,180,365	(34,391)	6,725,018	933,885	17,892,339	52,208
Net Assets - End of Year	\$ 8,343,957	\$ 2,293,729	\$ -	\$ 6,317,057	\$ 829,712	\$ 17,784,455	\$ 47,566

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2011

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Highway	Harbor Haven Health & Rehabilitation	Rolling Meadows Nursing/Rehab Center	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds

Cash Flows from Operating Activities:

Cash received from user charges	\$ 3,983,425	\$ 6,353,453	\$ -	\$ 101,717	\$ 883,347	\$ 11,321,942	\$ 1,151,802
Cash received from other funds	8,166,711	950,337	(34,391)	-	-	9,082,657	-
Cash payments to suppliers	(6,857,577)	(3,339,064)	-	(41,296)	(503,326)	(10,741,263)	(659,459)
Cash payments to employees	(4,723,378)	(7,586,999)	-	(59,818)	(455,976)	(12,826,171)	(532,437)
Net Cash Provided (Used) by Operating Activities	569,181	(3,622,273)	(34,391)	603	(75,955)	(3,162,835)	(40,094)

Cash Flows from Noncapital Financing Activities:

Property taxes	15,300	1,528,816	-	31,730	72,960	1,648,806	225,017
Intergovernmental	16,954	1,469,545	-	-	-	1,486,499	4,008
Transfers in	45,713	537,656	34,391	-	-	617,760	-
Transfers out	-	-	-	(32,333)	-	(32,333)	(170,738)
Net Cash Provided (Used) by Noncapital Financing Activities	77,967	3,536,017	34,391	(603)	72,960	3,720,732	58,287

Cash Flows from Capital and Related Financing Activities:

Acquisition of capital assets	(456,501)	(256,543)	-	-	(53,974)	(767,018)	(1,446)
Proceeds from sales of capital assets	-	-	-	-	124,030	124,030	-
Principal payments on long-term debt	(11,693)	(11,500)	-	-	(12,414)	(35,607)	-
Payment in lieu of taxes	-	-	-	-	(51,500)	(51,500)	-
Interest payments on long-term debt	(11,463)	(25,129)	-	-	(1,784)	(38,376)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(479,657)	(293,172)	-	-	4,358	(768,471)	(1,446)

Cash Flows from Investing Activities:

Investment income	-	-	-	-	38	38	-
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Net Increase (Decrease) in Cash and Cash Equivalents

	167,491	(379,428)	-	-	1,401	(210,536)	16,747
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Cash and Cash Equivalents - Beginning of Year

	482,319	379,728	-	-	9,557	871,604	81,288
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Cash and Cash Equivalents - End of Year

	\$ 649,810	\$ 300	\$ -	\$ -	\$ 10,958	\$ 661,068	\$ 98,035
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Reconciliation to Statement of Net Assets:

Unrestricted cash and investments	\$ 388,395
Restricted cash and investments	261,415
	<u>\$ 649,810</u>

(Continued)

FOND DU LAC COUNTY, WISCONSIN
Statement of Cash Flows (continued)
Proprietary Funds
Year Ended December 31, 2011

	Business-type Activities-Enterprise Funds					Governmental Activities-Internal Service Funds
	Highway	Harbor Haven Health & Rehabilitation	Rolling Meadows Nursing/Rehab Center	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds
\$ (372,675) \$ (2,899,638) \$ - \$ (576,856) \$ (247,917) \$ (4,097,086) \$ (62,929)						
933,577	294,738	-	586,409	140,013	1,954,737	17,492
138,421	(287,613)	-	(1,490)	507	(150,175)	-
73,049	-	-	-	-	73,049	-
(110,317)	6,088	-	-	622	(103,607)	(2,869)
(79,682)	(417,155)	-	(2)	(23,570)	(520,409)	(1,134)
11,531	4,696	-	(177)	1,376	17,426	1,258
-	72,537	(34,391)	(4,674)	59,631	93,103	-
(101)	(212)	-	-	3,508	3,195	-
(24,622)	(395,714)	-	(2,607)	48	(422,895)	-
-	-	-	-	(10,173)	(10,173)	8,088
\$ 569,181 \$ (3,622,273) \$ (34,391) \$ 603 \$ (75,955) \$ (3,162,835) \$ (40,094)						

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities
Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:
Depreciation
Changes in assets and liabilities
Accounts receivable
Due from other governments
Inventories and prepaid items
Accounts payable
Accrued liabilities
Due to other funds
Due to other governments
Unearned revenues
Other liabilities
Net Cash Provided (Used) by Operating Activities

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY

Statement of Net Assets

Agency Funds

December 31, 2011

	Agency Funds
ASSETS	
Cash and investments	\$ 15,108,392
Receivables	
Delinquent special assessments	252,853
Accounts	416
Due from other governments	<u>1,171,844</u>
TOTAL ASSETS	<u>\$ 16,533,505</u>
LIABILITIES	
Accounts payable	\$ 355,183
Due to other governments	15,149,833
Deferred revenue	53,165
Other liabilities	<u>975,324</u>
TOTAL LIABILITIES	<u>\$ 16,533,505</u>

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Fond du Lac County ("the County"), Fond du Lac, Wisconsin, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described below:

1. Reporting Entity

The County is a municipal corporation governed by an elected 18 member board. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units. The basic criterion for including a legally separate organization as a component unit is the degree of financial accountability the County has with the organization. The following circumstances set forth the County's financial accountability for a legally separate organization:

- a. The County is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.
- b. The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Based on the previous criterion, the following component unit is included within the reporting entity.

Housing Authority of Fond du Lac County

The basic financial statements include the Housing Authority of Fond du Lac County (Housing Authority) as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the County Executive. Wisconsin Statutes provide for circumstances whereby the County can impose its will on the Housing Authority, and also create a potential financial benefit to, or burden on, the County. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the basic financial statements. It is reported in a separate column to emphasize that it is legally separate from the County. The Housing Authority is a separate entity established to administer the housing program for low and moderate income families. It is funded by federal and state grants and rental income. The information presented is for the fiscal year ended June 30, 2011. Separately issued financial statements of the Housing Authority may be obtained from the Housing Authority's office at 15 North Marr Street, Fond du Lac, WI.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are supported primarily by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, permanent, debt service and capital projects funds. Proprietary funds include enterprise funds and internal service funds. The County has two internal service funds: Central Maintenance and Health Self Insurance. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

GENERAL FUND

This is the County's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

COUNTY ROAD & BRIDGE FUND

This fund accounts for financial resources used for the maintenance and construction of County road and bridge system.

DEPT OF COMMUNITY PROGRAMS FUND

This fund accounts for financial resources used to provide State mandated services to clients with mental health, alcohol and other drug abuse, developmental disability and closely-related conditions.

DEPT OF SOCIAL SERVICES FUND

This fund accounts for financial resources used to provide services to clients in the areas of income maintenance, counseling and other human services.

CAPITAL PROJECT FUND

This fund accounts for financial resources used for the acquisition, construction and remodeling of major capital facilities other than those financed by proprietary funds and trust funds.

DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The County reports the following major enterprise funds:

HIGHWAY

This fund accounts for the activities associated with the maintenance and construction of roadways and bridges located within the County.

HARBOR HAVEN HEALTH & REHABILITATION

This fund accounts for the activities associated with the skilled nursing facility serving disabled and/or elderly clients, including a Medicare certified therapy program.

ROLLING MEADOWS NURSING/REHAB CENTER

This fund accounts for the activities associated with the skilled nursing facility serving elderly clients, including a Medicare certified therapy program.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

AIRPORT

This fund accounts for the activities associated with the County's airport facilities.

Additionally, the government reports the following fund types:

Internal service funds account for central maintenance services and health self insurance services provided to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

The *permanent fund* is used to account for resources legally held in trust for the Sheriff Canine Program. Only earnings on the invested resources may be used to support the Sheriff Canine Program.

The County accounts for assets held as an agent for Patient Trust Activity, District Attorney Restitution Activities, Huber Law/Canteen Activities, Clerk of Courts Fund, and Tax Collection Activities in an *agency fund*.

The County implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011. The County reports the following special revenue funds, including the purpose and significant revenue sources:

Fund	Purpose	Significant Revenues
County Road & Bridge	County highway maintenance & construction	Property taxes, bond proceeds and intergovernmental revenues
Dept of Community Programs	Provide essential human services to County Residents	Property taxes, charges for services and intergovernmental revenues
Dept of Social Services	Provide essential human services to County Residents	Property taxes, charges for services and intergovernmental revenues
Nutrition Program	Provide services and administration of the County's meal assistance programs for the aging	Charges for services and intergovernmental revenues

3. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges to the County's enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

4. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable have been shown net of allowance for uncollectible accounts of \$2,379,910.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as advances and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net assets for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance accounts to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance accounts to indicate that they do not represent spendable available financial resources.

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$500 or higher for general capital assets or \$3,000 for road and bridge infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-Type Activities
	Years	
<u>Assets</u>		
Land improvements	25-100	25-100
Building/building improvements	25-50	25-50
Machinery and equipment	3-10	3-10
Infrastructure	10-50	-

g. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

h. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

For the year ended December 31, 2011, the County implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement provides more clearly defined fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which fund balance amounts can be spent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivable) or are legally or contractually required to remain intact.
- Restricted fund balance – Amounts that are constrained for specific purposes by external parties (such as grantors or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance – Amounts that are constrained for specific purposes by action of the County Board. These constraints can only be removed or changed by the County Board using the same action that was used to create them.
- Assigned fund balance – Amounts that are constrained for specific purposes by action of County management. The County Board has not authorized a County position to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned, unless committed by County Board action.
- Unassigned fund balance – Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The County has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During October, County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by County Board action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, special revenue funds, debt service fund, capital project fund, internal service funds and enterprise funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the general fund, special revenue funds, debt service fund, internal service funds and enterprise funds. Management control for the capital projects funds is achieved through project authorizations included in debt issue resolutions.
- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the County. Amendments to the budget during the year require initial approval by management and the committee of jurisdiction and are subsequently authorized by the County Board. Minor budgetary transfers within an activity or department, defined as \$1,500 or ten percent of the activity or department's aggregate approved budget, whichever is less, may be authorized by action of the Finance, Personnel, and Economic Development Committee of the County Board, without going to the full County Board for approval.
- e. Encumbrance accounting is used by the County to record commitments related to unperformed contracts for goods or services.

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2011.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

2. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the general, major special revenue and debt service funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2011 as follows:

Fund	Function	Excess Expenditures
General Fund	Clerk of Courts	\$ 78,736
General Fund	County Treasurer	6,594
General Fund	Jail Building Maintenance	21,350
General Fund	Health Department	126,878
General Fund	Fairgrounds	270
General Fund	Recreation Trails	20,485
General Fund	Natural Beauty Council	115
Dept of Social Services	Adult abuse	381
Dept of Social Services	Child care	132,657
Dept of Social Services	Social welfare-basic county alloc	183,919
Debt Service Fund	Principal	1,500,083
Debt Service Fund	Interest and fiscal charges	564,010

The above excess expenditures were funded using favorable revenue variances and available fund balance in the general, special revenue and debt service funds.

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

PRIMARY GOVERNMENT

The County maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the County's cash and investments totaled \$62,047,621 on December 31, 2011 as summarized below:

Cash on hand	\$ 11,818
Deposits with financial institutions	55,888,836
Investment	
Wisconsin local government investment pool	6,146,967
	<u>\$ 62,047,621</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 46,677,814
Restricted cash and investments	261,415
Fiduciary funds	
Agency funds	15,108,392
	<u>\$ 62,047,621</u>

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the County's deposits and investments and the related risks.

Deposits with Financial Institutions

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. In addition, the County's non-interest bearing transaction accounts are fully insured through December 31, 2012. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2011, none of the County's deposits with financial institutions is in excess of federal and state depository insurance limits and uncollateralized. \$49,228,329 was collateralized with securities held by the pledging Financial Institution, not in the County's name.

Custodial credit for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County's policy is to have their operating bank collateralize their average balance on deposit.

Investments

The County has investments in the Wisconsin local government investment pool of \$6,146,967 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2011, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The County does not have an additional credit risk policy. The County's investment in the Wisconsin local government investment pool is not rated.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have an interest rate risk policy. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

DISCRETELY PRESENTED COMPONENT UNIT

At year end, the carrying amount of the Housing Authority, a discretely presented component unit, was \$310,978 and the bank balance was \$382,895. All of the bank balance was covered by FDIC insurance.

2. Property Tax Apportionments

Property taxes are apportioned annually in November to local taxing units within the County for financing state charges and the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as deferred revenue at year-end. Property tax payments from individual property owners are due in two installments by January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent. The delinquent taxes are then acquired by the County's general fund in accordance with state statutes in order to provide the County with a statutory lien.

Property taxes recorded on December 31, 2011 for collection in 2012 are for the following:

State apportionment	\$ 1,171,844
County apportionment	38,881,997
	<u>\$40,053,841</u>

The above County apportionment of \$38,881,997 is for financing 2012 operations and will be transferred in 2012 from deferred revenue to current revenues of the County's governmental and proprietary funds.

3. Delinquent Property Taxes - General Fund

Delinquent property taxes of the general fund represent unpaid property taxes on real estate, including state and local government equities therein. Under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deeded properties.

On December 31, 2011, the County's general fund showed an investment of \$2,824,924 in delinquent taxes as follows:

Tax certificates	\$2,795,039
Tax deeds	29,885
Total	<u>\$2,824,924</u>

An aging of the total delinquent taxes of \$2,824,924 on December 31, 2011 follows:

<u>Year Acquired</u>	<u>Total</u>	<u>Tax Certificates</u>	<u>Tax Deeds</u>
Prior to 2006	\$ 2,828	\$ 2,802	\$ 26
2006	97	97	-
2007	1,260	1,260	-
2008	2,601	2,601	-
2009	223,441	223,441	-
2010	682,294	671,763	10,531
2011	1,912,403	1,893,075	19,328
Total	<u>\$2,824,924</u>	<u>\$2,795,039</u>	<u>\$ 29,885</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

Of the total of \$2,824,924 for delinquent taxes, \$504,914 was collected by the County within 60 days after December 31, 2011. Of the remaining unpaid balance, \$1,744,500 is recorded as non-spendable general fund balance and \$575,580 is recorded as a deferred property tax liability on the general fund balance sheet.

4. Restricted Assets

Restricted assets on December 31, 2011 totaled \$261,415 and consisted of cash and investments held for the Highway Business-Type Activity Fund for the purpose of a replacement highway garage in the Campbellsport area.

5. Accounts Receivable

Accounts receivable as of year end for the County's individual major governmental funds and aggregate nonmajor governmental, including the applicable allowances for uncollectible accounts, are as follows:

	General	Dept of Community Programs	Dept of Social Services	Nonmajor and Other Funds	Total
Accounts Receivable:					
Accounts	\$ 793,427	\$ 2,571,741	\$ 297,997	\$ 26,600	\$ 3,689,765
Accrued interest	50,258	-	-	-	50,258
Due from other governments	1,999,122	540,813	584,423	-	3,124,358
Gross receivables	2,842,807	3,112,554	882,420	26,600	6,864,381
Less: allowance for uncollectibles	-	2,379,910	-	-	2,379,910
Net total accounts receivable	\$ 2,842,807	\$ 732,644	\$ 882,420	\$ 26,600	\$ 4,484,471

There is no allowance for uncollectibles in any proprietary fund type receivable.

6. Loans Receivable

Loans receivable as of year end for the County's general funds are as follows:

	General
Loans Receivable:	
Mercury Marine loan	\$ 51,705,000
CDBG loans	566,943
County revolving loan	465,442
Total loans receivable	\$ 52,737,385

The Fond du Lac County Economic Development Corporation is acting as the County's fiscal agent for all loans receivable noted.

In 2009, the County approved borrowing up to \$50,000,000 to provide economic support to Mercury Marine. The County Board determined it to be in the best interest of the County to provide financial assistance to Mercury Marine to limit job loss and to minimize reductions in property values and increased unemployment. The borrowings and financial assistance were completed in 2009 and 2010.

The Mercury Marine loan accrues interest at a rate of two percent. Interest and principal payments commence in 2012, with the outstanding balance of principal and all accrued but unpaid interest due in full in 2021. Each year commencing in 2012, a portion of the principal balance will be forgiven based on the number of employees retained and added. The formula for calculating the amount forgiven annually is pursuant to a financing agreement among Fond du Lac County, the Economic Development Corporation, the City of Fond du Lac and Mercury Marine.

The CDBG loans are to a number of companies as part of a Community Development Block Grant revolving loan fund, funded by the Wisconsin Department of Commerce. The County Revolving loan is a loan fund, funded by Fond du Lac County. The loans are at low interest rates and for various terms.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

7. Capital Assets

Capital asset activity of the County for the year ended December 31, 2011 was as follows:

PRIMARY GOVERNMENT

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,276,455	\$ 2,500	\$ -	\$ 3,278,955
Work in progress	-	1,483,040	-	1,483,040
Subtotals	3,276,455	1,485,540	-	4,761,995
Capital assets, being depreciated:				
Land improvements	6,932,590	345,006	5,089	7,272,507
Buildings/building improvements	55,235,565	1,107,917	700,702	55,642,780
Machinery and equipment	18,283,357	1,275,457	1,342,695	18,216,119
Infrastructure	60,977,285	3,679,356	1,114,983	63,541,658
Subtotals	141,428,797	6,407,736	3,163,469	144,673,064
Less accumulated depreciation for:				
Land improvements	3,315,558	382,750	5,089	3,693,219
Buildings/building improvements	21,397,998	1,594,710	723,251	22,269,457
Machinery and equipment	14,546,263	1,488,469	1,128,369	14,906,363
Infrastructure	29,891,602	1,917,380	832,771	30,976,211
Subtotals	69,151,421	5,383,309	2,689,480	71,845,250
Total capital assets, being depreciated, net	72,277,376	1,024,427	473,989	72,827,814
Governmental activities capital assets, net	\$ 75,553,831	\$ 2,509,967	\$ 473,989	77,589,809
Less related long-term debt outstanding				25,776,319
Invested in capital assets, net of related debt				\$ 51,813,490

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,152,212	\$ 312,088	\$ -	\$ 1,464,300
Work in progress	7,796	5,860	7,796	5,860
Subtotals	1,160,008	317,948	7,796	1,470,160
Capital assets, being depreciated:				
Land improvements	14,375,629	-	-	14,375,629
Buildings/building improvements	11,459,812	368,167	27,342	11,800,637
Machinery and equipment	14,395,810	880,250	224,608	15,051,452
Subtotals	40,231,251	1,248,417	251,950	41,227,718
Less accumulated depreciation for:				
Land improvements	7,721,335	605,791	-	8,327,126
Buildings/building improvements	7,524,929	313,581	27,342	7,811,168
Machinery and equipment	8,426,355	1,035,365	294,086	9,167,634
Subtotals	23,672,619	1,954,737	321,428	25,305,928
Total capital assets, being depreciated, net	16,558,632	(706,320)	(69,478)	15,921,790
Business-type activities capital assets, net	\$ 17,718,640	\$ (388,372)	\$ (61,682)	17,391,950
Less related long-term debt outstanding				114,385
Invested in capital assets, net of related debt				\$ 17,277,565
Depreciation expense was charged to functions of the County as follows:				
PRIMARY GOVERNMENT				
Governmental activities				
General government				\$ 802,230
Public safety				1,302,918
Public works				1,917,380
Health and human services				269,142
Culture, recreation and education				952,729
Conservation and development				138,910
Total depreciation expense - governmental activities				\$5,383,309
Business-type activities				
Highway				\$ 933,577
Harbor Haven Health & Rehabilitation				294,738
Airport				586,409
Rolling Meadows Golf Course				121,952
Landfill				18,061
Total depreciation expense - business-type activities				\$1,954,737

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

Capital asset activity of the Housing Authority for the year ended June 30, 2011 was as follows:

DISCRETELY PRESENTED COMPONENT UNIT

	Beginning Balance	Increases	Decreases	Ending Balance
Fond du Lac County Housing Authority:				
Capital assets, not being depreciated:				
Land	\$ 17,387	\$ -	\$ -	\$ 17,387
Construction in progress	-	4,813	-	4,813
Subtotals	17,387	4,813	-	22,200
Capital assets, being depreciated:				
Leasehold improvements	86,030	-	-	86,030
Buildings/building improvements	2,514,319	8,805	-	2,523,124
Machinery, equipment, furnishings	89,785	2,583	2,742	89,626
Subtotals	2,690,134	11,388	2,742	2,698,780
Less accumulated depreciation	1,506,375	113,275	2,008	1,617,642
Total capital assets being depreciated, net	1,183,759	(101,887)	734	1,081,138
Total capital assets, net	\$ 1,201,146	\$ (97,074)	\$ 734	\$ 1,103,338

Depreciation expense was charged to functions of the Housing Authority as follows:

DISCRETELY PRESENTED COMPONENT UNIT

Low Rent Public Housing	\$ 108,419
Capital Fund Program	2,586
Voucher Program	2,270
Total depreciation expense- Housing Authority	<u>\$ 113,275</u>

8. Interfund Receivable, Payables, and Transfers

The composition of interfund balances as of December 31, 2011 is as follows:

Due to/from other funds:		Amount
Receivable Fund	Payable Fund	
Temporary Cash Advances to Finance Operating Cash Deficits:		
General Fund	Nutrition	\$ 16,564
	Harbor Haven Nursing/Rehab	72,537
	Rolling Meadows Golf Course	1,263,783
	Airport	39,128
	Landfill	70,028
Total		<u>\$1,462,040</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

Interfund transfers for the year ended December 31, 2011 were as follows:

	Transfer to Fund	Transfer from Fund
Transfers between Funds		
General Fund	\$ 2,286,311	\$ 617,319
Special Revenue Funds		
County Road & Bridge	-	34,251
Dept. of Community Programs	-	1,059,261
Dept. of Social Services	-	953,577
Debt Service Funds		
State Trust Fund Loan (2009)	-	1
G.O. Taxable Refunding Bonds (2002)	-	36,590
G.O. Promissory Notes (2008)	-	1
Internal Service Funds		
Health Self Insurance Fund	-	161,738
Central Maintenance	-	9,000
Enterprise Funds		
Highway	45,713	-
Harbor Haven Nursing/Rehab	537,656	-
Rolling Meadows Nursing/Rehab Center	34,391	-
Airport	-	32,333
Totals	\$ 2,904,071	\$ 2,904,071

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

9. Deferred Revenues

Governmental activities and governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue were as follows:

	Unavailable	Unearned
Subsequent year tax levy receivable:		
General	\$ -	\$ 17,489,001
County Road & Bridge	-	2,994,760
Dept of Community Programs	-	4,051,119
Dept of Social Services	-	7,572,171
Debt Service	-	5,249,146
Central Maintenance – Internal Service Fund	-	215,130
Delinquent property taxes receivable – General Fund	-	575,580
CDBG loans thru FCEDC	566,943	-
Mercury Marine loans thru FCEDC	51,705,000	-
County revolving loan fund thru FCEDC	465,442	-
Grant and other receivables	740,513	646,921
Totals	\$ 53,477,898	\$ 38,793,828

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

10. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2011:

	Outstanding 1/1/11	Issued	Retired	Outstanding 12/31/11	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
General Obligation Debt					
Bonds	\$ 12,075,000	\$ 33,270,000	\$ 785,000	\$ 44,560,000	\$ 2,675,000
Notes	69,720,000	-	4,690,000	65,030,000	33,375,000
Total General Obligation Debt	81,795,000	33,270,000	5,475,000	109,590,000	36,050,000
Alliant Energy Advance	8,521	-	8,521	-	-
State trust fund loan	228,000	-	51,681	176,319	51,681
Compensated absences	1,297,462	127,517	91,978	1,333,001	482,281
Unfunded other post employment benefits	1,228,918	268,717	-	1,497,635	-
Governmental activities					
Long-term liabilities	\$ 84,557,901	\$ 33,666,234	\$ 5,627,180	\$ 112,596,955	\$ 36,583,962
BUSINESS-TYPE ACTIVITIES:					
Alliant Energy Advance	\$ 92,770	\$ -	\$ 23,193	\$ 69,577	\$ 23,192
Capital Lease	-	57,222	12,414	44,808	12,414
Compensated absences	390,670	69,666	54,915	405,421	208,975
Unfunded other post employment benefits	390,822	119,955	-	510,777	-
Business-type activities					
Long-term liabilities	\$ 874,262	\$ 246,843	\$ 90,522	\$ 1,030,583	\$ 244,581

Total interest paid during the year on long-term debt totaled \$2,724,834.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$38,524 of internal service funds compensated absences and unfunded other post employment benefits are included in the above amounts.

The Housing Authority, a discretely presented component unit, has no long term debt at June 30, 2011.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$6,070,000 issued 12/4/02; \$380,000 to \$605,000 due annually through 2015; interest 3.00% to 5.00%	\$ 2,235,000
\$9,800,000 issued 3/1/05; \$130,000 to \$920,000 due annually through 2025; interest 3.25% to 4.00%	9,055,000
\$33,270,000 issued 12/22/12; \$25,000 to \$5,375,000 due annually through 2022; interest 2.00% to 3.50%	33,270,000
Total General Obligation Bonds	44,560,000

Notes

\$3,415,000 issued 4/3/06; \$415,000 to \$645,000 due annually through 2013; interest 4.00%	900,000
\$4,500,000 issued 4/2/07; \$430,000 to \$750,000 due annually through 2014; interest 4.00%	2,160,000
\$9,080,000 issued 4/15/08; \$1,205,000 to \$1,695,000 due annually through 2014; interest 3.50%	4,515,000
\$6,885,000 issued 4/6/09; \$425,000 to \$1,915,000 due annually through 2016; interest 3.00% to 4.00%	6,055,000
\$20,000,000 issued 11/17/09; \$20,000,000 due in 2012; interest 3.00%	20,000,000
\$10,000,000 issued 3/1/10; \$10,000,000 due in 2012; interest 2.375%	10,000,000
\$20,000,000 issued 9/1/10; \$2,500,000 due annually through 2020; interest 2.00% to 4.10%	20,000,000
\$1,400,000 issued 11/15/10; \$400,000 to \$1,000,000 due annually through 2015; interest 2.00%	1,400,000
Total General Obligation Notes	65,030,000
Total Outstanding General Obligation Debt	\$109,590,000

Annual principal and interest maturities of the outstanding general obligation debt of \$109,590,000 on December 31, 2011 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 36,050,000	\$ 2,536,735	\$ -	\$ -	\$ 36,050,000	\$ 2,536,735
2013	8,995,000	2,162,613	-	-	8,995,000	2,162,613
2014	9,795,000	1,908,612	-	-	9,795,000	1,908,612
2015	8,620,000	1,659,600	-	-	8,620,000	1,659,600
2016	7,830,000	1,422,650	-	-	7,830,000	1,422,650
2017-2021	29,505,000	4,194,663	-	-	29,505,000	4,194,663
2022-2025	8,795,000	376,925	-	-	8,795,000	376,925
	\$109,590,000	\$14,261,798	\$ -	\$ -	\$109,590,000	\$14,261,798

For governmental activities, the other long-term liabilities are generally funded by the general fund.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2011 was \$270,582,604 as follows:

Equalized valuation of the County	\$6,965,437,800
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	348,271,890
Total outstanding general obligation debt applicable to debt Limitation	\$109,590,000
Less: Amounts available for financing general obligation debt Debt service fund	31,900,714
Net outstanding general obligation debt applicable to debt Limitation	77,689,286
Legal Margin for New Debt	<u>\$ 270,582,604</u>

Current Refunding

The County issued General Obligation Refunding Bonds in the amount of \$33,270,000 on December 22, 2011. The proceeds are to be used to refund the following general obligation debt:

Original Issue Date	Original Balance	Balance at 12/31/2011	Repayment Date
11/17/2009	\$ 20,000,000	\$ 20,000,000	03/01/2012
03/01/2010	\$ 10,000,000	\$ 10,000,000	03/01/2012
12/04/2002	\$ 6,070,000	\$ 2,235,000	03/01/2012
04/15/2008	\$ 1,500,000	\$ -	12/22/2011

The refunding was undertaken to put in place a permanent long term financing tailored to the repayment schedule from Mercury Marine and to take advantage of historically low interest rates. As a result of the refinancing, future debt service payments have been extended through 2022 to coincide with the repayment schedule for Mercury Marine.

Capital Leases

The County is obligated for capital leases that were used to finance the acquisition of capital assets. Presented below is a schedule of future minimum lease payments at December 31, 2011:

Year Ending	Amount
2012	\$ 12,414
2013	12,414
2014	12,414
2015	12,414
Less: Amount representing interest	4,848
Present value of future minimum lease payments	<u>\$ 44,808</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

11. Fund Equity/Net Assets

Government-wide Statements

Net assets of the governmental activities reported on the government-wide statement of net assets at December 31, 2011 includes the following:

Invested in capital assets, net of accumulated depreciation and net of related debt

Work in progress	\$ 1,483,040
Land/land improvements	6,858,243
Buildings/building improvements	33,373,323
Machinery and equipment	3,309,756
Infrastructure	32,565,447
Less: related long-term debt outstanding	(25,776,319)
Total Invested in Capital Assets, Net of Related Debt	51,813,490

Restricted

General fund	138,086
Debt service fund	175,714
Sheriff canine fund	50,000

Unrestricted

13,663,298

Total Governmental Activities Net Assets

\$ 65,840,588

Net assets of the business-type activities reported on the government-wide statement of net assets at December 31, 2011 includes the following:

Invested in capital assets, net of accumulated depreciation and net of related debt

Work in progress	\$ 5,860
Land/land improvements	7,512,803
Buildings/building improvements	3,989,469
Machinery and equipment	5,883,818
Less: related long-term debt outstanding	(114,385)
Total Invested in Capital Assets, Net of Related Debt	17,277,565

Restricted – cash

261,415

Unrestricted

245,475

Total Business-Type Activities Net Assets

\$ 17,784,455

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

12. Fund Statements

Governmental fund balances reported on the fund financial statements at December 31, 2011 include the following:

General Fund	
Non-spendable:	
Inventories and prepaid items	\$ 399,859
Delinquent property taxes	1,744,500
Restricted:	
Land Records	30,595
WIC	33,364
Register of Deeds	72,234
Jail Assessment	1,893
Assigned:	
Carryover revenue – various	3,664,816
General fund applied in subsequent year's budget	2,159,000
Unassigned	6,535,047
Total General Fund	<u>14,641,308</u>
County Road & Bridge	
Assigned:	
Carryover revenue	<u>1,885,657</u>
Dept of Community Programs	
Non-spendable:	
Inventories and prepaid items	160,643
Assigned:	
Carryover revenue	<u>6,377</u>
Total County Road & Bridge	<u>167,020</u>
Dept of Social Services	
Non-spendable:	
Inventories and prepaid items	149,932
Unassigned	<u>(5,882)</u>
Total Dept of Social Services	<u>144,050</u>
Capital Projects	
Assigned:	
Carryover revenue	<u>15,187</u>
Debt Service	
Restricted-debt retirement	<u>31,900,714</u>
Other Nonmajor Governmental Funds	
Non-spendable:	
Inventories and prepaid items	2,123
Restricted:	
Sheriff Canine Fund	50,000
Assigned:	
Carryover revenue – various	<u>18,664</u>
Total Other Nonmajor Governmental Funds	<u>70,787</u>
Total	<u><u>\$48,824,723</u></u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All permanent employees hired before July 1, 2011 and expected to work at least 600 hours a year (440 hours for teachers and educational support employees) or hired on or after July 1, 2011 and expected to work over 1200 hours a year (880 hours for teachers and educational support employees) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. The County funds the employee share, with a maximum County contribution per pay period or annually, based on level of position and/or employment group. Required employee contributions in excess of this amount are paid by the employee. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the WRS for the year ended December 31, 2011 was \$37,012,180; the employer's total payroll was \$38,542,103. The total required contribution for the year ended December 31, 2011 was \$4,626,621, which consisted of \$2,351,231, or 6.35% of covered payroll from the employer and \$2,275,390, or 6.15% of covered payroll from employees. \$1,468,508 of the required contribution for employees for the year ended December 31, 2011 was financed by the County. Total contributions for the years ending December 31, 2010 and 2009 were \$4,260,014 and \$4,443,926, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 or after April 24, 1998 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The Housing Authority, a discretely presented component unit, does not provide a retirement plan for its employees.

2. Other Post Employment Benefits

Plan Description – The County provides health care insurance coverage for employees who retire at blended rates. This results in an other post-employment benefit for the retirees, commonly referred to as an implicit rate subsidy. The retired employee contributes 100% of the premium. There are 708 active and 58 retired employees in the plan.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

Annual OPEB Cost and Net OPEB Obligation – The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 537,032
Interest on net OPEB	80,987
Adjustment to annual required contribution	(105,383)
Annual OPEB cost (expense)	512,636
Less: Contributions made	(123,964)
Change in net OPEB obligation	388,672
OPEB obligation – beginning of year	1,619,740
OPEB obligation – end of year	<u>\$ 2,008,412</u>

The annual required contribution for the current year was determined as part of the January 1, 2010 actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included a 5.0% discount rate.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized using a level dollar amount of projected payroll method.

Trend Information – The County's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/08	\$ 829,699	24.23%	\$ 628,699
12/31/09	\$ 866,371	25.79%	\$1,269,070
12/31/10	\$ 518,106	21.85%	\$1,619,740
12/31/11	\$ 512,636	24.18%	\$2,008,412

Funding Status and Funding Progress – As of January 1, 2010, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$4,245,879. The annual payroll for active employees covered by the plan for the 2011 fiscal year was \$37,012,180 for a ratio of the UAAL to covered payroll of 11.47%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

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Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a rate of 5.0% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 17.7% for medical, reduced by decrements to an ultimate rate of 5.0% after five years. The UAAL is being amortized using an open level dollar method. The remaining amortization period at December 31, 2011 was 30 years.

3. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The County completes an annual review of its insurance coverage to ensure adequate coverage.

4. Contingencies

- a. The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and the "State Single Audit Guidelines" issued by the Wisconsin Department of Administration has been conducted, but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.
- b. Medicare and Medicaid cost reports of the Harbor Haven Health and Rehabilitation Enterprise Fund and the Home Health Program in the General Fund have been submitted to the appropriate authorities. These reports are subject to audit by representatives of these programs, which may result in increases or decreases in funding.
- c. From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

5. Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all of Wisconsin cities, villages, towns and counties. For the 2011 budget year, the increase in the maximum allowable tax levy is limited to the greater of the percentage change in the County's January 1st equalized value as a result of net new construction or 3.00% per year. The actual limit for the County for the 2011 budget was 3.00%. For the 2012 budget year, Wisconsin statutes limit the increase in the maximum allowable tax levy to the change in the County's January 1st equalized value as a result of net new construction. The actual limit for the County for the 2012 budget was 0.953%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2011

6. Conduit Debt Obligations

From time to time, the County has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, the ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2011, there are two series of Revenue Bonds outstanding. The first, a \$1,000,000 Revenue Bond, Series 1998, was approved by the Fond du Lac County Housing Authority and the Fond du Lac County Board to finance the renovation and rehabilitation of existing facilities of the Fond du Lac Lutheran Home, Inc. The second, a reissuance of \$1,185,000 Health Care Facilities Revenue Bonds, Series 2000, closed in December, 2003, was approved by the Fond du Lac County Board to finance the acquisition and capital improvements of facilities of the ARC of Fond du Lac, a Wisconsin nonprofit corporation. These bonds are a limited obligation of the County payable solely from revenues received by the County pursuant to a note and sale agreement with ARC of Fond du Lac.